

From: Charles Phillips [Charles.Phillips@oracle.com]

Sent: Monday, June 09, 2003 5:21 PM

To: Joel Summers

Cc: safra.catz@oracle.com

Subject: RE: PeopleSoft Migration Talking Points

Joel, Excellent stuff! this will be very helpful with the analysts. thanx a million..chuck

-----Original Message-----

From: Joel Summers [mailto:joel.summers@oracle.com]

Sent: Monday, June 09, 2003 5:04 PM

To: Phillips,Charles

Cc: SUMMERS,JOEL

Subject: PeopleSoft Migration Talking Points

Chuck,

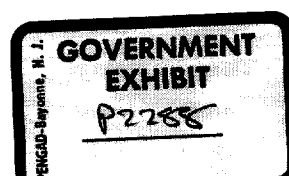
Per our conversation, here are some potential talking points around "Why we think we can be successful migrating PeopleSoft customers to the Oracle EBusiness Suite". Kind of a brian dump here, and, as you would expect, I 'go deep' on HRMS. I breakdown our 'ability to migrate' into three main categories: 1) Functional Equivalence, 2) Technical migration, and 3) Expertise.

1) Functional Equivalence / Superiority

Migration would be made far more difficult if PeopleSoft customers had to take a step backwards in functionality. Either their users would have to give up some features or the migrations would have to engage significant professional services to cover the deficit. We do not believe that PeopleSoft customers will be facing a significant feature deficit. In many cases, Oracle offers superior functionality. To wit:

- a) Supply Chain and Manufacturing: The Peoplesoft Red Pepper acquisition never bore them fruit. They currently have approximately 140 customers (unconfirmed number) using this solution. It is a limited feature solution that can not approach Oracle Supply Chain and Manufacturing capabilities which include industry leading e-procurement, both discrete and process manufacturing and modern 'flow' based manufacturing. To some degree the proposed PeopleSoft JDE acquisition punctuates this difference.
- b) Financials: Oracle is generally recognized to have the richest global financials on the market.
- c) Sales and Marketing: [I can't comment on relative strengths.]
- d) Services: [as above]
- e) HRMS: Obviously PeopleSoft is recognized for its Human Resources (Human Capital Management) product line, which represent the heritage of the company and is often called 'the best'. However, in recent years, Oracle has made significant strides in catching up to PeopleSoft HRMS capabilities and, in some

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cases, has surpassed PeopleSoft. Virtually all of the tier 1 applications analysts (Gartner, GIGA / Forester, Meta, AMR) have acknowledged that Oracle 'has closed the gap' in the HRMS arena.

Customer transitions from PeopleSoft to Oracle (per Tony Kender's emails) testify to this. In addition to the North American firms the Tony highlighted, we see companies in other countries leaving PeopleSoft as well: Radboud and Booza (sp?) in the Netherlands, for example.

Following are some specifics on relative strengths / weaknesses of the two HRMS product lines. (Please note, I don't have detailed insight into all comparative aspects, and some of my information may be dated.)

Oracle HRMS Functional Strengths:

(The following have been highlighted by analysts, prospects and customers as being Oracle strong points.)

Self-Service: Oracle beat PeopleSoft to the market with robust employee and manager self service. We are acknowledged (Gartner) to have broader coverage in self-service than PeopleSoft. We also go deeper, providing localized self-service, for example. In addition, our user interface is generally highly acclaimed.

Globalization: We have one version of our HRMS, built on a single technical architecture, that satisfies the needs of many local countries out-of-the-box and is extensible through configuration for additional countries. PeopleSoft has two 'global' HRMS architectures; one for North America and one for the rest of the world - hardly global. Oracle currently delivers support for roughly the same number of localizations as PeopleSoft; however, we tend to go deeper in meeting cultural and regulatory requirements. Because of our single global architecture, we also believe we have an advantage in managing the complexities of a multi-national workforce.

Advanced Benefits: Oracle's Advanced Benefits module that manages health and welfare plans for employees as well as other forms of compensation (excluding sales comp which is covered by a different product) is generally acknowledged to be superior to PeopleSoft's. Given that it must respond to the many terms and formats provided by multiple benefits carriers (United Health Care, Aetna, etc.), Oracle's delivery of rich rules and factors, our more robust handling of life events (e.g., marriage, divorce, gaining a dependent. etc.), our extensibility through our rules engine vs. 3GL code, and the fact that our module works on a global basis - not just in North America which PS was (and may still be) restricted to, attest to that superiority.

Compensation Workbench: Our answer for managing mass salary, bonus and stock option allocations is generally acknowledged to be superior to PeopleSoft's. We deploy the function to managers who allocate awards against budget amounts with their work subjected to checks and balances by their superiors and by HR, Comp and Finance departments. In a recent demo, Pepsico (a prospect so we probably can't use their name) commented that they had never seen such great functionality. Similarly, CUNY gave the feature rave reviews.

Learning Management: Oracle's iLearning product, integrated with the EBusiness suite is superior to PeopleSoft's which, according to our sources, is having troubles (unconfirmed).

Workforce Analytics: Before DBI, most application analysts gave Oracle HRMS's Intelligence module superior marks over PeopleSoft's. With the promise of DBI, one more has come into our camp.

iRecruitment: Analysts have told us that PeopleSoft slapped some HTML screens onto their existing applicant tracking module, added a few bells and whistles - such as an external job posting site - and released this as their eRecruitment module. Oracle took longer, but delivered a full, newly engineered recruitment module that we have been happy to display in shootouts with 'best of breed' recruiting vendors. Rumor has it that the next release of PeopleSoft's eRecruitment module will be significantly improved.

PeopleSoft's HRMS strengths:

Core HR: While Oracle has a very comprehensive core HR capability (the functions used by the HR professionals), PeopleSoft probably still has an edge here in selected features such as workforce / organizational planning, onboarding for new employees, employee performance management (this is a recent catch-up. We were ahead until PeopleSoft delivered their new 'ePerformance' module earlier this year; however, we are engaged in a functional uplift as we speak) PS has stock option management. We have option allocation but not vesting management or exercise capabilities. It is unclear exactly what PS has, but we believe they have more than we do. (note: Later this year we intend to add an open interface to E*TRADE.) Until release PS 8.0 and before Oracle 11i, PeopleSoft was generally acknowledged to have a superior UI for professional users. Since then, Oracle added People Manager to highly streamline heads-down HR professional functions, while PeopleSoft took a step backwards with a 'one size fits all' HTML UI that has been acknowledged to have introduced (unpopularly) multi-step processes (vs. heads down processes) to their professional users. Oracle has different UI designs and different technologies targeted to better support different user audiences; professionals, employees and managers.

Contingent Staffing Management: Peoplesoft has both a staffing agency solution and a contingent labor staffing procurement solution (acquired through acquisition). Oracle is targeting a staffing procurement solution (which is managed by our iProcurement team) for 11i10. No current plans for staffing agency management.

US Pension Administration: PeopleSoft has a US pension administration module and Oracle does not. As American firms are not opening new retirement pension plans for their employees (preferring to go with contribution plans such as 401k), we elected to bypass building this module.

Features where we are a 'draw':

Payroll: We have a richer calculation engine that works for all of our locals vs. PeopleSoft's two distinct payroll engines (North America and rest-of-world - their new, global engine). We hear that their new 'global' engine is having teething pains as well. So we place ourselves ahead here. Right now, PeopleSoft handles payroll reporting (operational not statutory) better than do we, although by late summer, we should have caught them. PeopleSoft can demonstrate more large customers in production than can Oracle - not a factor of technical architecture, we believe. Both products have rich statutory reporting and data exchange capabilities.

Time and Labor: Roughly the same functionality.

Verticals: We believe that we handle Public Sector needs better than does PeopleSoft, superior US Federal and better State and Local (including for non-US countries such as the UK). Higher Education is probably a draw. We believe they have more features in Healthcare, Hospitality and Engineering and Construction.

2) Technical Migration

So, once we map functions and features and find rough equivalence what about the job of transitioning PeopleSoft customers' data and processes to Oracle?

Oracle's open architecture: First, Oracle publishes the data models for our applications - so there are no secret repositories for migrated data. Second, Oracle applications have a rich foundation of Application Programming Interfaces (APIs). These APIs are business oriented procedures that embrace all of the edits (including any required or desired customer extensions) so that data in the Oracle repository regardless of source (screens or legacy data migration) have been edited with a 'single source of truth'. Oracle HRMS, for

example, includes more than 500 open, published APIs for our product line. Oracle HRMS delivers the 'data pump' to drive foundation HRMS APIs for mass data take on - such as those encountered in a migration. Third, at least for HRMS, a large component of an implementation / migration is the construction of interfaces to other internal applications or to third parties. Oracle HRMS delivers the 'system extract' utility which provides a screen based mechanism to map outbound data into the constructs and formats required by non-Oracle applications.

Oracle Extensibility: HRMS functions, being policy based, often differ from dept to dept. or company to company. HRMS vendors have historically solved this customer need in various ways. PeopleSoft chose a more traditional route when they invented PeopleTools, a proprietary screen builder which essentially yields custom code. Oracle HRMS chose, instead, to extend the already rich configuration (vs. customization) capabilities that underpin all Oracle apps. Thus, our customers are able to add new fields, new payroll processing rules, new benefits eligibility rules, new time management rules (to name a few) and to change screen look and feel, largely (and in many cases entirely) without customization. So, the migration effort for PeopleSoft customer 'customizations' will be to understand what and where these customizations reside (precisely the same exercise a PeopleSoft customer must go through when upgrading to the next version of PeopleSoft), to understand whether Oracle addresses any of these out of the box, and, if not, to configure the delta (vs. program in new customizations).

Implementation Facilities: Oracle has been quietly building a new set of rapid implementation facilities which will greatly reduce the cost of migration and implementation. While we have some early Financials customer experience, later this year we will not only have extended the reach for Financials and for Manufacturing, but will have added HRMS capabilities to the mix. These tools will be driven by a workbench that integrates the various migration functions: a) setup; by answering a series of business questions customers using our iSetup configurator will set up the functional architecture for the eBusiness Suite (organizations, locations, chart of accounts, multi-national constructs, etc.) plus specifics for HRMS (jobs, grades and positions), b) template delivery; pulled from our consultants and third party implementors' experiences, we will deliver 'best practice' templates for business processes (such as pre-configured payroll earnings and deduction templates for different countries and sectors), c) facilitated legacy data take-on, based on the answers given during iSetup configuration, the Rapid Implementation workbench will construct MicroSoft EXCEL templates that match the structure of the configured Oracle HRMS tables. These spreadsheets are built to receive legacy data (PeopleSoft) and to populate the Oracle HRMS data base through the data pump and our APIs. After the PeopleSoft acquisition, we will map PeopleSoft data constructs to standard Oracle constructs as a key step in being able to populate these data migration spreadsheets for our PeopleSoft customers, d)

instance migration; the rapid implementation process will support the ability to migrate setups from an installation instance, to a development instance, to a test instance to production. Later our plans call for adding test case generation, report management, and interface creation (by hooking up the system extract utility noted above) to the workbench. Throughout the process, diagnostic reports identify progress and / or issues with the migration.

Chuck, as I said, we have piloted a portion of the above with Financials setup via the configurator interview. A decent subset of capabilities will be delivered with the next major EBS release (11i9). Other portions of this are under construction and are targeted to be available by fall. The entire facility for all aspects of the EBusiness Suite or even all aspects of HRMS will take some time to complete. Nevertheless, this year we will have a strong foundation to ease migrations. (By the way, for fear of the competition gaining insight into our plans here, we have not trumpeted this direction although we have released limited information as it pertains to 11i9.)

The Integrated Ebusiness Suite: Because the Oracle EBusiness Suite relies upon an integrated data model and integrated process flows, customers migrating from PeopleSoft to Oracle should see a reduction in migration complexity due to the fact that constructs that are common to more than one PeopleSoft application (say Financials and HRMS) and are, therefore, stored redundantly in the PeopleSoft architecture only need to be brought into the EBusiness Suite once.

3) Expertise

All in all, there is nothing more difficult or mysterious in migrating PeopleSoft based solutions to Oracle than in migrating from any other package or legacy system. Our consultants and third party implementors have proven methodologies and experience in doing just this and do so all the time. Every customer that now uses Oracle's applications came from some other system - with an increasing number coming from PeopleSoft. We know how to do this job and will only increase our knowledge as we gain further access to the PeopleSoft architecture.

Chuck, as I review this, I am sure this represents more than the few talking points that you wanted. Hopefully it will give you some insight into how I see the problem and hopefully there is some information here that you can glean for your calls. Any questions, please feel free to contact me.

Regards,

Joel Summers